



STATE OF NEW JERSEY

Board of Public Utilities

Two Gateway Center

Newark, NJ 07102

www.bpu.state.nj.us

TELECOMMUNICATIONS

IN THE MATTER OF THE JOINT PETITION)
OF UNIVERSAL ACCESS, INC. AND)
CITYNET TELECOMMUNICATIONS, INC.)
FOR APPROVAL OF A CHANGE OF)
CONTROL)

ORDER OF APPROVAL

DOCKET NO. TM03040312

(SERVICE LIST ATTACHED)

BY THE BOARD:

On April 22, 2003, Universal Access, Inc. ("Universal Access") and CityNet Telecommunications, Inc. ("CityNet" and, together with Universal Access "Petitioners") filed a petition with the Board requesting authority to consummate a transaction through which CityNet will acquire indirect control of Universal Access. This transaction will not result in the transfer of operating authority, and therefore will not affect the identity of the utility providing service or the rates, terms and conditions under which services are being provided in New Jersey.

BACKGROUND

Universal Access is a Delaware corporation authorized to provide telecommunications services by the Federal Communications Commission and the public utility boards of 46 states and the District of Columbia. In New Jersey, Universal Access is authorized to provide local telecommunications services. See Order I/M/O the Petition for an Order Authorizing Universal Access, Inc. to Provide Local Exchange Telecommunications Services throughout New Jersey, Docket No. TE99120950, dated June 6, 2001. Universal Access provides telecommunications carriers and Internet service providers with dedicated transport circuits and cross-connects the networks of various telecommunications carriers, as well as private line and interconnection services. Universal Access is a wholly-owned subsidiary of Universal Access Global Holdings, Inc. (UAXS). UAXS is a publicly traded Delaware Corporation with principal offices located in Chicago, Illinois. UAXS does not provide telecommunications services directly.

CityNet is a privately-held Delaware corporation headquartered in Silver Spring, Maryland. CityNet builds and installs dark fiber networks and point-to-point dark fiber connections. The petition states that although CityNet will not be involved in the day-to-day operations of Universal Access, its Management possesses expertise and experience in the telecommunications industry.

Petitioners seek approval from the Board in connection with the proposed transaction that will result in CityNet acquiring a 55% ownership interest in UAXS. The proposed transaction will result in CityNet holding a controlling interest in UAXS and thus, indirectly, in Universal Access. Petitioners state that the transfer of control will not involve a change in the name under which Universal Access currently operates nor change in the manner in which Universal Access currently offers service in New Jersey. Services will continue to be offered under the same rates terms and

conditions. Petitioners thus state that the Proposed Transaction and its consummation will be transparent to the customers of Universal Access.

Petitioners aver that the Proposed Transaction is in the public interest. They state that the Proposed Transaction will enhance competition in New Jersey by strengthening the financial and competitive position of Universal Access by strengthening its balance sheet and gaining access to CityNet's business and managerial expertise. Petitioners do not expect that the Proposed Transaction will have an adverse effect on employees of the New Jersey-Licensed Subsidiaries. Petitioners have indicated that approval for this transaction has been received from Colorado, Florida, Hawaii, Louisiana, Mississippi, Ohio, Texas and Vermont. Applications are pending in eight states, including New Jersey. No states have denied the transaction.

FINDINGS AND CONCLUSIONS

After a thorough review of the petition and all related documents, the Board is convinced that, with regard to the provision of service, there will be no negative impact on service to New Jersey customers. All services will continue to be provided to the Petitioners' New Jersey customers without interruption and pursuant to the same tariffs, contracts, rates, terms and conditions in existence prior to the transaction.

Accordingly, after careful review of this matter, the Board FINDS that the transaction will have no negative impact on competition, the rates of current customers, or on employees. The Board also FINDS that the transfer will have no negative impact on the provision of safe, adequate and proper service. Therefore, the Board, after investigation, having considered the record and exhibits submitted in this proceeding, FINDS that the transfer is in accordance with law and in the public interest. The Board HEREBY APPROVES the request by Petitioners for this transaction. The Board's approvals granted herein are subject to the following conditions:

1. This Order shall not be construed as directly or indirectly fixing, for any purpose whatsoever, any value of the tangible or intangible assets now owned or hereafter to be owned by the Petitioners or any subsidiaries thereof, including the New Jersey Licensed Subsidiaries.
2. This Order shall not affect, or in any way limit the exercise of the authority of this Board, or of the State, in any future petitions or in any proceeding with respect to rates, franchises, services, financing, accounting, capitalization, depreciation, or any other matters affecting the New Jersey Licensed Subsidiaries.
3. The Petitioners shall notify the Board within ten (10) business days of the consummation of the Proposed Transaction.

DATED: 8/07/03

BOARD OF PUBLIC UTILITIES
BY:

(signed)
JEANNE M. FOX
PRESIDENT

(signed)
FREDERICK F. BUTLER
COMMISSIONER

(signed)
CAROL J. MURPHY
COMMISSIONER

(signed)
CONNIE O. HUGHES
COMMISSIONER

(signed)
JACK ALTER
COMMISSIONER

ATTEST:

(signed)
KRISTI IZZO
SECRETARY